

THE ROLE OF PUBLIC POLICIES IN THE ACTIVATION OF THE EMPLOYMENT POLICY IN ALGERIA

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Abstract

At the beginning of the third millennium, Algeria experienced a different developmental policy through the programs of economic recovery and growth support, helped by the increase in oil prices. This affected the situation of work, where unemployment rates fall relatively in this period compared with the previous one, but critics said that it was not as was expected.

Keywords : Public policies, Employment sector, Unemployment, Reforms, Algeria

Introduction

The years of the eighties were characterized by severe economic crises, starting with the explosion of the debt crisis in 1982, and followed by the decline in oil prices in 1986. This situation had significant implications for economic and social level at the beginning of the nineties through the emergence of deflation and economic stagnation, where the economic growth rate decreased by 0,6%, the level of household consumption lowered by 0,4%, the investment reduced by 4,2%, the inventory of productive materials decreased by 159,6% and the imports declined by 16,4%. This situation affected the world of work through the low number of new jobs from 122.000 to 74.000 jobs, i.e., by 40%. This dire situation led the Algerian authorities to take what was described as reformatory actions in order to get out the crisis. The job sector witnessed some of those measures and it had been affected by them. In fact, at the beginning of the third millennium, Algeria experienced a different policy through great developmental programs: economic recovery program and the support of growth, helped by the increase in oil prices. Moreover, Algeria adopted a different policy in dealing with the employment sector so that unemployment

rate dropped in this period relatively compared with the previous period, but critics said that it was not as it was expected.

From this point we will address this topic rising the following problematic:

- **To what extent have the public policies contributed in the advancement of the employment sector, and what was its effectiveness in fighting against unemployment in Algeria?**

On this research paper, we will try to show the most important concepts related to work and unemployment, we will also address the techniques resorted by the state in order to fight against unemployment as was shown by various economists. In the second phase, we will focus on the most important efforts made by the Algerian state in the formulation of the employment programs and the fight against unemployment.

I. - Concepts on employment and unemployment :

Many ideas and opinions have dealt with the concepts of work and unemployment ; to get a convincing idea about these two concepts, we will address them briefly.

I-1-The concept of work :

Work is defined as the actual effort of giving the product, i.e., the actual spending of the power of work, with the other conditions of work, with the work tools and the materials of work¹⁷.

However, operating is the use of labour force with the right of raising the level of qualifications by training, as well as the right to privileges resulted from his career path, including the upgrade and the right to benefit from social services and insurance according to the conditions determined by the law¹⁸.

I-2-The concept of unemployment:

There is no doubt that the first question we face is : what is unemployment and who is the unemployed ?

Many people may think that unemployment is the lack of work, and that the unemployed is the person who does not work; however, this answer is not convincing from the scientific view; that is why, we will address this topic briefly.

¹⁷ Mohammed Dwedar, Principles of Political Economy, Tony Press, Alexandria, 1993,P.169

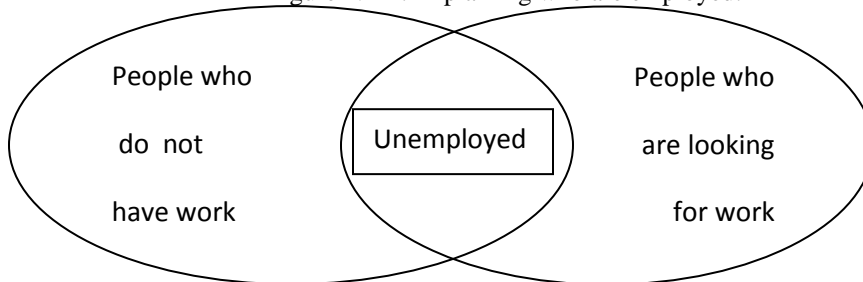
¹⁸ Alib Abdul Rahman, unemployment and the problem of operating within the framework of the program of structural adjustment - Master Thesis, University of Algeria, 2003/2004 (p. 25)

Unemployment can be defined as the difference between the size of displayed work at the prevailing wage level and the volume of work used at those levels during a specific period of time¹⁹.

The International Labour Organization has put a common definition for all countries: There are 04 conditions that must be in the unemployed²⁰ :

- He must need work : i.e., he does not have a work.
- He must be able to work : he must be available to work.
- He must look for a paid work.
- He must be serious in the search for work.

Figure N° 1 : Explaining who are employed.



Source : Ramzi Zaki, **The Political Economy Of Unemployment**, Alam Al-Maarifa Press, Kuwait,1998,p15.

The causes of the phenomenon of unemployment :

The spread of the phenomenon of unemployment is a serious matter which threatens the stability of any country, due to some factors which differs from one society to another and from one region to another. Those factors can be identified in the following points²¹:

- The increase in childbearing and demographic growth.
- The low level women's participation in the economic activities.
- Variation of the population distribution where most of the population belong geographically to the north.

Types of unemployment :

The unemployment rate varies between the groups of a society in term of gender and age, as well as the duration of unemployment witnessed by the unemployed people. It also varies according to the types of unemployment existing in that society. Thus, there are several types of unemployment addressed by the economic views, among these types we mention :

¹⁹ Mona Eltahawy: Labor Economics Library renaissance honor the University of Cairo in 1995 p 78

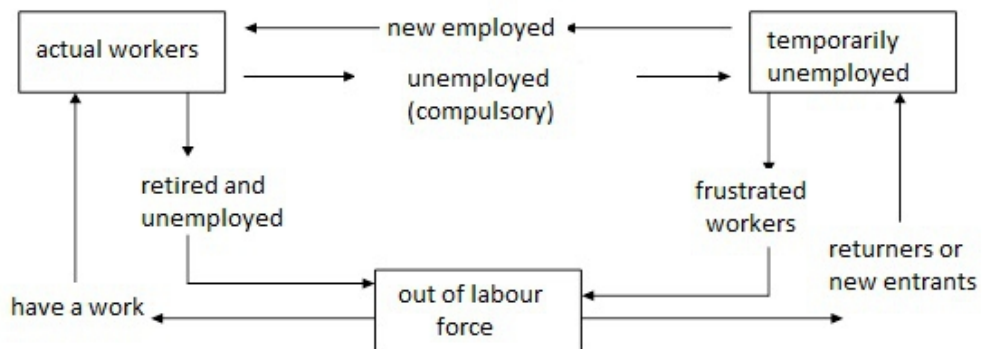
²⁰ Dictionnaire d'économie et de science sociale CD Echau de maison 5eme édition mars 2002 p 71 4

²¹ JEAN marie le parge et GENEVIERE grangeas, le droit du travail en pratique; France ; 1993.

- Cyclical unemployment ;
- Seasonal unemployment ;
- Frictional unemployment ;
- Optional unemployment and Compulsory unemployment ;
- Structural unemployment ;
- Under unemployment.

Through the items mentioned above, we distinguish three fields where the person is : employed, unemployed or out of the labour force, as shown in the following figure :

Figure N° 2 :The movement of people between the three areas



Source : : Qassim Abdul Redha Dujaili and Ali Abdul Ati Ferjany: Macroeconomic theory and analysis, publications ELGA, Malta .2001, p 333

Unemployment is measured quantitatively in the society through the unemployment rate which equals the ratio of the number of unemployed who were previously working or the new ones in the labour market to the size of the labour force or those who are active economically.

Unemployment rate=	$\frac{\text{Number of unemployed}}{\text{Size of labour force (workers+unemployment)}}$
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II - The State's Role In The Achievement Of Full Employment : (The Fight Against Unemployment) :

The achievement of full employment is one of the most important goals of the state's public policy. Full employment, in it's broad sense, is the optimal use of production factors which are : land, labour, capital and organization. In other words, it is the use that allows to obtain the largest

possible production which requires subjecting the factors and the means of production²².

On the other hand, the full employment in its narrow sense, is the full operation of manpower and the reduction of unemployment to the volitional unemployment which is necessary for the well-functioning of the labour market. In practical terms, we can not reach the level of full use, but there is always a normal rate of unemployment ranges between 5% and 6% of the total employees.

Keynes has identified the causes of unemployment and suggested solutions for it. He concluded with the rejection of the belief in the traditional thinking which notes that offer creates demand, and that the only solution to solve the problem of unemployment is to increase the public spending to face the demand's decrease ;thus, the increase in production and the increase in employment level . Moreover, the production system has to be flexible to allow the movement of the factors of production easily among the branches of production in order to achieve full employment.

According to the Ricardian Equivalence theory which was re-haunched by R : Barro (1974) , the public spending can not affect the total production significantly due to the existence of the phenomenon of crowding-out for the private spending ; therefore Alesin and others (2002) saw that when the size of the public sector increases at the expense of the private sector, this will attract and induce individuals to work vividly in the public sector. This will result structural changes in the labour market. With the emergence of the Endogenous Growth theory, a new vision of the role of public expenditure emerged, where the production of collective goods in favor of the marginal productivity of private capital. On the other hand, the public expenditures of investment addressed to human capital lead to the raise of the effectiveness of the work item which led in turn to raise the marginal productivity of private capital ; thus, high levels of production and operation. In fact, many studies researches of D.A. Aschauer(1989), A.H. Manuell (1992) and Abrams (1999) showed the positive role of investment in reducing the high rates of unemployment²³.

Algeria's Experience In Upgrading The employment Policy During the period 1990/2010 :

The path of the Algerian economy witnessed two important phases during this period. The late eighties and early nineties witnessed a significant rise in unemployment which had a deep impact on the national economy.

²² Ramzi Zaki, **The Political Economy Of Unemployment**, Alam Al-Maarifa Press, Kuwait,1998,p15

²³ GENEUREUX.J : Politiques économiques – édition Seuil – Paris -1996- P.05

Most economists stated that this impact was a result of the economic crisis including the decline in oil prices as well as the global debt crisis which necessitated a policy of austerity which affected also the employment field. The next phase witnessed the adoption of an expansionary developmental policy through the programs of economic recovery and the growth support, which had an impact on the world of work through a relative decline in the unemployment rate.

The First Phase : The stage of reforms :

The first phase of the study period between 1990-2000 witnessed a critical situation for the national economy, after the oil crisis of 1986 where oil prices decreased to its lowest level. That situation affected the state revenues and reduced its role in the various sector, especially the social aspect and the labour sector in particular.

The evolution of the labour market witnessed several stages during the period 1990-2000 such as the stage of structural adjustment from 1994 to 1997²⁴, where Algeria applied the recommendations of the World Bank and the International Monetary Fund. It must be noted that Algeria started a number of reforms in this period because the national economy was facing several obstacles due to the excessive dependence of the external variables²⁵ :

- Dependency resulting from the unilateral export of oil, the financial resources is subjected to external variables which are the oil prices in the global market and the value of the Dollar.
- Food dependency to the global market and the agricultural production depends on the amount of annual rainfall.
- Dependency in the imported technology and then dependency of the external intellectual.
- Finally, a financial dependency due to foreign debt.

A- The Structural Adjustment Program And The Reality Of Work :

The sector of labour witnessed a severe crisis during the application of the structural adjustment program because of the conditions imposed by the International Monetary Fund, which focused mostly on a wide policy and on the sources of economic growth. This had a great impact on the unemployment rate and the mass layoffs which were increasing during the years when the program was applied because of the industrial restricting

²⁴ Shibi Abdul Rahim, Mohammad Shakouri, intervention on unemployment in Algeria and standard analytical approach, within the framework of the international conference on the crisis of unemployment in the Arab States (17.18 in March 2008), Cairo, Egypt, pp. 9.

²⁵ Musette Saib et Hammouda Nacer Eddine., « Evaluation des effets du PAS sur le marché du travail en Algérie Cahiers du CREAD n°46-47, 4ème trimestre 1998 et 1er trimestre 1999, pages 161-176.

measures on one hand ; and on the other hand, the adoption of a policy of privatization which had a significant role in exacerbating the phenomenon.

The number of institutions that were not included within the financial independence was estimated to 1323 institutions where 220.000 were occupied. These institutions were transmitted to privatization at a rate of 2,5% annually. This confirms the slowness of the process in order to avoid all forms of opposition and protest, which would hamper the new path of the state. However, the open institutions waived 1000 institutions for the benefit of workers whose number estimated about 20.000 of the total 50.000 workers, an average of 13% annually²⁶.

The available data confirms that the number of laid-off workers exceeds 500.000 during the period 1994-1997 as a result of filtering and privatizing about 633 local institution and 268 public institutions and 85 private enterprises, a total of 986 institutions, in the forefront of them in term of the economic sectors :

The construction institutions and public works by 61,59%, followed by the institutions of the service sector by 21,07%, then the industrial enterprises by 15,81%. The latter could occupy the second place if we excluded the local institutions by 21,15% after the public institutions of the construction sector and public works that occupy the first place with 59,89% which is considered as the most affected institution, and the service sector at the third place with 17,55%. However, the agricultural sector is the least affected sector where an amount of 1,42% of the total laid-off workers, this increased the complexity of the employment situation in Algeria which was already complicated.

In fact, statistical data of the National Bureau of Statistics showed that the number of the unemployed in Algeria in 1997 exceeded 2,3 million unemployed compared to 2,4 million in 2000 ; this increase was mainly due to the following reasons :

- 1- Continuing the processes of layoffs,
- 2- The decline in the reliance on the public sector in creating jobs because of the tend towards the market economy,
- 3- The weakness of the private sector in its contribution to job creation.

²⁶ Bourenane.Lounes, « Enjeux et Contraintes de l'Economie Nationale , » in Débat national sur le développement économique et la politique sociale, du 29 sep au 03 oct 1996, Palais des Nations – club des Pins, Alger. P361.

B- The State's Efforts To Upgrade The Employment Sector During The Period 1990-2000 :

B-1 : The financial allocations for the labour sector :

The labour sector witnessed financial allocations under the overall budget; however, these allocations were reduced due to the application of the structural adjustment program which affected job creation.

Table N°1 : The Share Of The Labour Sector Of The Overall Budg

year	Proportion of the public expenditure of GDP	Total remittances to the labour sector (billion DA)	Labour remittances rate to the total remittances	Unemployment rate %
1993	32,8	2000	2,12	23,15
1994	31	2200	1,96	24,36
1995	29,4	2550	2,09	28,10
1996	28,2	2500	1,69	27,99
1997	30,4	3000	1,82	27,96
1998	31,2	3800	1,77	28,02
1999	29,9	6250	2,64	28,71
2000	28,9	7900	3,15	29,40

Source : National Office Of Statistics

The early nineties (the transitional phase toward the market economy) witnessed a remarkable increase in the unemployment rate where the period 1990-1995 recorded a significant reduction in labour supply and thus the increase in the employment rate which reached 23,15% in 1993 and rises to 24,36% in 1994, then to 28,10% in 1995 due to the low annual rate of job creation which retreated to about 50.000 job between 1990 and 1995. On the other hand, the spending policy witnessed an austerity policy as was shown in the table above, where the proportion of public spending lowered for GDP from 32,8% in 1993 to 31% in 1994, then to 28,2% in 1996.

The reduction of overheads was among the program of the economic reform in cooperation with the International Financial Institutions.

Moreover, the lack of remittances allocated to employment was remarkable during this period where it changed from 2.000 billion DA in 1993 to 3000 billion DA in 1997 and reached 3800 billion DA in 1998. These increases were very slow; they affected job creation and increased the employment rate. Although those allocations rised to 6250 billion DA, i.e., they increased to 64,47% in 1999 and to 7900 billion DA . and increased to 26,4% in 2000, but the unemployment rate continued to rise to 28,71% in 1999 and 29,4% in 2000. Due to the impact of the structural adjustment program on the national economy .

Capital expenditures witnessed a significant fluctuation, it decreased from 8,3% of GDP in 1990 to 6% in 1991, then rised to 8,6 in 1993, then its percentage remained stable between 7% -8% in 1994 and 1998; therefore ,

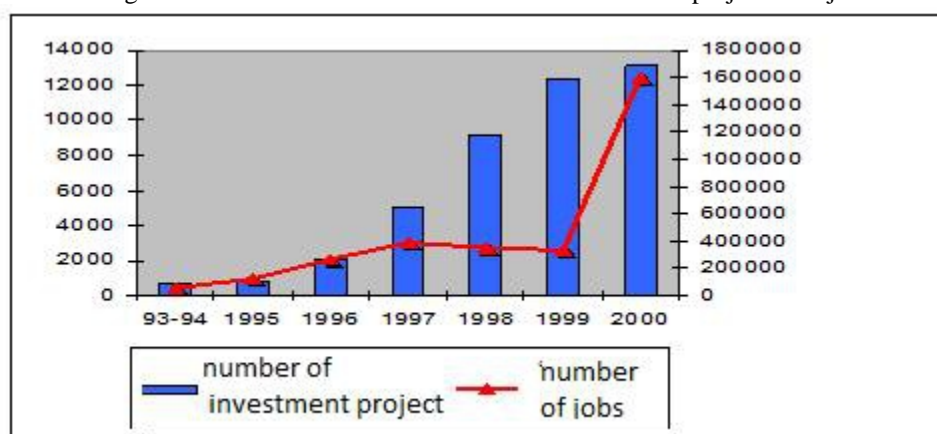
the progress of the investment projects and jobs was very slow as shown in the following table :

Table N°2: The investment projects and jobs performed during the period 1993-2000.

Years	Number of projects	of jobs	Investment amounts 10 ⁶ DA	Percentage %
1993-1994	694	59606	114.000	3%
1995	834	73818	219.000	7%
1996	2.075	127849	178.000	5%
1997	4.989	266791	438.000	13%
1998	9.144	388702	912.000	27%
1999	12.372	351986	685.000	20%
2000	13.105	33619	798.000	24%
Total	43.213	1604891	3.344.000	100%

Source: Abdel Kader Baba, investments in Algeria and the challenges of development in the light of current developments, doctoral thesis in Economic Sciences, University of Algiers.2004, p 240.

Figure N°3: Evolution of the number of the investment projects and jobs



Source: From the researcher's conclusions based on the previous table.

We note a small number of new jobs created in this period and thus the unemployment rate did not change, it was between 28% and 29%; however, in 2000, there was- to a certain extent-an increase in jobs²⁷.

The decline in new jobs was mainly due to the lack of the economic awareness of the private investors. Most investors used the tax concessions for personal gains trying to achieve greater profits as soon as possible; they also tend to the investment activity which have low labour and capital and does not require high technologies. Such investors do not care for the state's endeavors or for its goals, by depriving the treasury of tax revenues. This had

²⁷ - A. Mebtoul , L'Algérie face aux défis de la mondialisation, V.2 , OPU, Alger , 2002 ,p 190.

a negative impact on. The employment level, at the time when the country was facing the phenomenon of widespread unemployment.

B-2- The created employment programs for eliminating unemployment :

Since the early nineties, many programs and bodies were introduced in order to reduce unemployment and to create jobs for the different segments of society. The following financial table explains these bodies:

Table N°3: The created bodies and programs of employment:

Bodies	Tasks	Target groups
National Agency of employment ANEM created in 1990	-Adjusting the labour market. -Implementing special programs of employment	-All applicants for jobs.
Social development Agency created in 1996(ADS)	-Helping disadvantaged people. -developing the employment	-individuals(60years old and over) who do not have incomes -people who are able to work and they do not have incomes , academics, technicians and seekers for jobs for the first time.
National Agency for youth Employment support ANSEJ, 53 regional branches created in 1996	-Helping to create activities for the youth unemployment	-seekers for jobs between 19-35 years and it is possible to include those who are 40 years old .
-National Fund for unemployment insurance 1994	-Integrating the unemployment who benefit from unemployment insurance.	-The unemployed between 35-50 years old who are recorded for 6months at least at the National Agency for employment . -The beneficiaries of National Fund for unemployment insurance.
National Agency for the management of Micro-loans ANGEM January 2004.	-Managing the micro-loans	-Housewives -small craftsmen who benefit from the social net work . -unemployed youth.

Source: National Economic and social council .

In fact, most of the new jobs are temporary so that the rate of permanent employment did not exceed 3% on average although the expectations estimated at 10%. Moreover, the distribution of functions was based on the services sector at 75%, including 23% for the administration while the rest represents 22% for the construction and public works sector, 6% for agricultural activities and only 2% for industrial activities .

This shows that these two sectors (agriculture and industry) are not among the interests for the developmental programs of the local communities at that period .

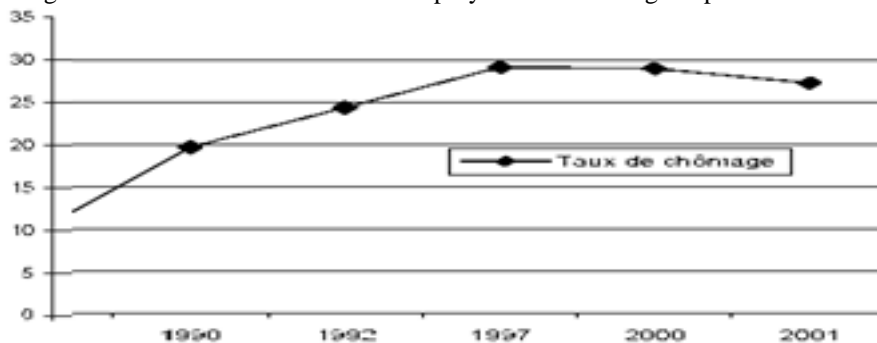
C- The impact of the nineties period on the unemployment rate :

The economic reforms measures made by Algeria in the early nineties had a great impact on the reality of job, especially through the program of structural adjustment, since Algeria was pursuing a socialist approach that gave importance to public institutions which operated 65% of the labour force, but the oil crisis of 1986 revealed the weakness of the national economy to face such crises. This obliged the state to restructure these institutions, which resulted severe results on the reality of job through the workers lay-offs .

Statistics confirm that the unemployment rate continued to rise during this period despite the efforts made, such as the employment bodies which could not find radical but only provisional solutions.

According to statistics, the crisis started to exacerbate at the early nineties, where there was a significant increase in the unemployment rate from 23,15% in 1993 to 28,10% in 1995, then to 28,71% in 1999 and to 29,4% in 2000, as shown in the following figure :

Figure N°4: The evolution of the unemployment rate during the period 1990-2001 .



Source: Données des Enquêtes emplois 'ONS.

The unemployment rate increased among the graduates from 11,9% in 1992 to 19,07% in 1997 including 48% bachelors, 35% engineers and other diplomas with 17%²⁸. This situation led to the expansion of informal activities and hampered the determination of the unemployment level and incomes, where the ratio of the unofficial jobs was increasing with about 8,41% annually²⁹, whereas the ratio of the increase in the official organized jobs evolved by 2,52% only between 1993-1998³⁰.

²⁸ Abdel Kader Baba, investment policy in Algeria and the challenges of development in the light of current global developments, op cit, p 241

²⁹ K. BENMOUFFOK, l'évolution de l'emploi en Algérie, quelle tendance ?, Alger, 2006, p10

³⁰ le chômage en Algérie : est-ce une fatalité ?/ in revue l'économien°42 /AVRIL1997/Algérie.

this situation leads us to ask the following question: Is unemployment in Algeria structural or frictional?

I ii -2- The second phase :The economic recovery and growth support programs and the reality of employment :

The state contributed largely to eliminate the specter of unemployment through the economic recovery and growth support programs which had positive impacts on reducing the unemployment rate during the period of financial prosperity witnessed by the national economy due to the local and international circumstances, despite some imperfections³¹ .

A- The economic recovery program and the world of employment :

At this stage , the economic recovery project started , and the amount of 7,7 billion dollars was allocated for that project (52 billion DA)³² distributed as follows :

Table N°4: The distribution of financial allocations for the economic recovery program:

Program activities	Supporting the economic reforms	Supporting the agricultural activities	Local development	Major works	Human resources
Financial allocations	47	65	113	210	90
Percentages	8,95	12,38	21,52	40	17,14

Source: complementary Finance Act of 200 unit: Billion DA

The most important goals of this programs are :

- Improving the performance of the growth level.
- Eliminating poverty and increasing the purchasing power of citizens.
- -Strengthening the infrastructure.
- Improving the competitions among the institutions.
- Fighting against unemployment.

The economic recovery was due to the period of financial prosperity of the national economy which was augmented by the local and international circumstances.

The program had positive impacts on the employment field although it was not as expected , where the unemployment rate decreased from 23% in 2003 to 17,7% in 2004 despite being 29% in 1999 . 728500 jobs were created between 2001-2004 including 477.500 permanent jobs and 271.000 temporary jobs , the amount of 37% .This was due to the rise of public

³¹ Mohamed Saïb MUSETTE , Mohamed Arezki ISLI ,Nacer Eddine HAMMOUDA, Organisation Internationale du Travail- Bureau de l'OIT à Alger, PROGRAMME «DES EMPLOIS EN AFRIQUE.

³² - MARCHE DU TRAVAIL ET EMPLOI EN ALGERIE – Elément pour une politique national de l'emploi profit de pays ,ALGER ? octobre 2003, p25

investments where the expenditures increased from 186,9 billion DA in 1999 to 321,9 billion DA in 2000 , an amount of 72,2% .

It doubled between 2000 and 2004 from 321,9 billion DA to 698,4 billion DA where the local investments reached an average of 26,6% of the PIB during the period 1998-2001 and increased to 28,2% in 2002 .³³In addition , the growth the private institutions also benefited from a huge budget of the tax expenditures and subsidies as 22400 institutions were established by the end of june 2004; this improvement was linked to the relative development in the level of foreign investment and oil prices and the various economic indicators .

B- The growth support program and the world of employment :

With the beginning of the project application, a huge amount was allocated fir it , an estimated 50 billion dollars.

The financial allocations were distributed according to a specific program, as shown in the following table :

Table N° 5: The financial allocations for the growth support project :

Sectors	Amount billion DA	%
First: the program of improving the people's living conditions, including	1.908,5	45,5%
Second: the program of developing basic facilities, including:	150.00	40,5%
Third: the program of supporting the economic development ,including	10,15	8%
Fourth: developing and modernizing the public service	4,0	4,8%
Fifth: the program of developing new technologies of communication	50,0	1,1%
Total of the quinary program 2005/2009	4.202,7	100%

Source: Bulletin issued by the National Agency for investment promotion ,April 2005.

The support scheme was introduced to complete the deficiencies resulted from the economic recovery program. A huge amount was allocated for it , an estimated 55 billion dollars , in order to revitalize the economy during the period 2005-2009.

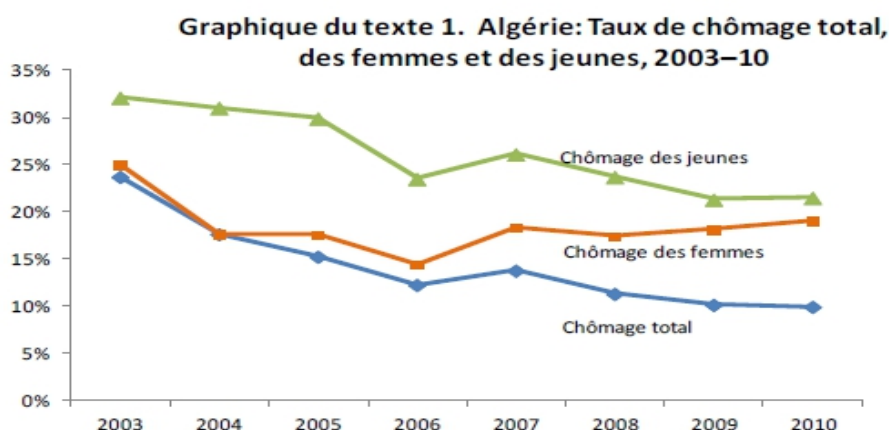
That amount was addressed mostly to the local development and the employment promotion in the strategic sector which benefited from an estimated 600 billion DA for programming the East-West Highway; and the housing sector which benefited from 555 billion DA to achieve the program of one million residences, while the transport sector benefited from 700 billion dollars to modernize it. This explains the state's tendency towards an ambitions developmental policy through these programs which had a

³³ Journal of the economies of North Africa, the first issue, Algeria, Morocco, Tunisia, progress in the field of development, Hexagon, 2004, pp. 263-271

significant impact on the relative increase in the unemployment rate as shown in the following figure :

Figure N °5: The evolution of the unemployment rate in Algeria up to 2010 :

- Youth unemployment.
- Female unemployment.
- Total unemployment .



Source: FMI. Algérie : Consultation de 2011 au titre de l'article IV—Rapport des services du ;FMI.note d'information au public sur l'examen par le Conseil d'administration; et déclaration de l'administrateur pour l'Algérie. Rapport, n°12/20, janvier 2012. P4

C-The economic sectors and its contribution in employment during the application of the economic recovery and growth support programs :

The economic sectors contribute in the creation of jobs with varying degrees; therefore , this reduces the unemployment rate , as shown in the following table

Table N ° 6: The number and percentage of the economic sector's contribution in job creation:

Sectors	Agriculture		Industry		Construction		Trade services and	
years	number	%	number	%	number	%	number	%
2001	1312069	21.0	861119	13.8	650012	10.4	3405572	54.6
2003	1412340	21.1	804152	12.0	799914	11.9	3667650	54.8
2004	1617125	20.7	1060785	13.6	967568	12.4	4152934	53.2
2005	1380520	17.2	1058835	13.2	1212022	15.1	4392844	54.6
2006	1609633	18.1	1263591	14.2	1257703	14.2	4737877	53.4
2007	1170897	13.6	1027817	12.0	1523610	17.7	4871918	56.7

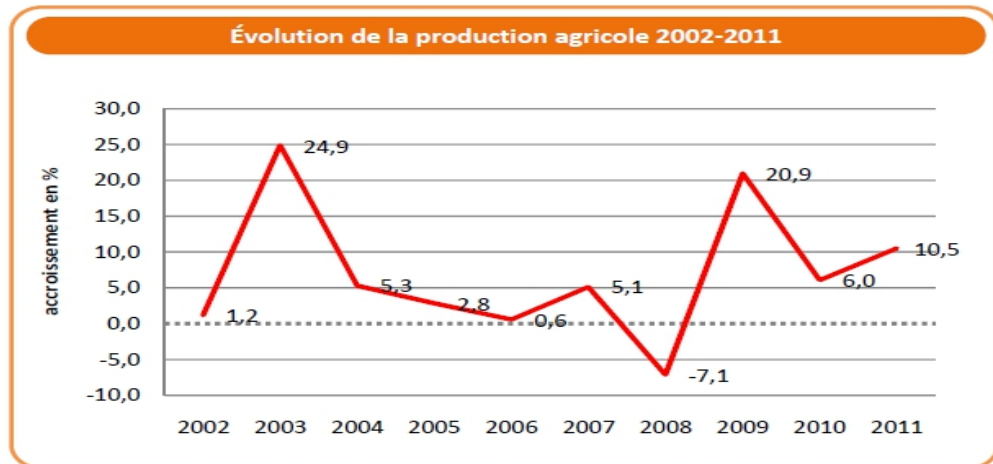
Source: National office for statistics

Through the table above , we note serval observations such as :

- 1- A big fluctuation in jobs creation in the sectors of agriculture and industry .Economists started that the sector of agriculture witnessed a fluctuation in

the production and growth rates where the highest rates were recorded in this sector in 2003 and 2008 , as shown in the following figure :

Figure N° 6: The evolution of the production and growth rates of the agricultural sector and its contribution to GDP:



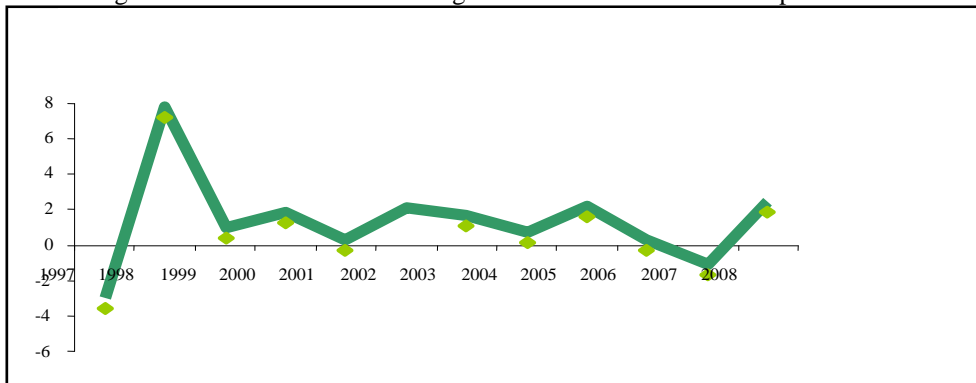
Source: Algerian Department of Forecasting and Statistics, report on the development of the national economy in 2011, p17.

The rise in 2008/2009 , where the amount of growth estimated 19% and 17% in 2003, was due to two reasons :

1- The rainy season recorded in that year and the initial results of the national program for agricultural development as well as the national program for rural agricultural development. The industrial sector also witnessed a sort of decline in the growth rate due to the continuous decline in production year by year excepting the activities related to the construction and public works sector³⁴ .This had a negative impact on job creation as illustrated in the following figure :

³⁴ -La banque africaine de développement Rapport sur le développement en Afrique, Economica, paris, 2003, p100.

Figure N° 7: The evolution of the general index of the industrial production :



Source :National economic and social council (Department of economic studies), abstract on the economic and social situation of the national in 2008, December 2009, p27.

2- The public works sector did not contribute significantly to the creation of jobs due to the problems happened there , but regained its vitality as the rate of job creation increased to 12,4% in 2004 then to 17,7% in 2007. because of the implications of the economic recovery and growth support programs; while the services sector aquired the lion's share of job creation, while reached its maximum rate of 56%in 2007.

In fact, the rural development scheme carried the state's support for the agricultural activity, where the number of investments which benefited from the state's support reached 221730; besides , the number of jobs created during this phase reached about 607686 posts³⁵.This phase witnessed the adoption of an operational policy based on the following :

- The creation of the national observatory of the employment and the fight against unemployment in order to organize the world of work .
- Maintaining the created jobs and developing them .
- Strengthening the created bodies of employment in order to create more jobs .

The state continued its developmental policy, and the public expenditure witnessed a remarkable increase during the application of growth support scheme , which reached 79,7% in 2006 and doubled more than three times between 2005 and 2009 due to the intensity of the investment projects. This had an impact on the employment field so that the unemployment rate decreased to 15,3% in 2005 , 12% in 2009 and 9% in 2010 ³⁶.

³⁵ Shibi Abdul Rahim, fiscal policy and the ability to withstand the deficit: the case of Algeria, a memorandum of Master of Economic Sciences, University of Tlemcen, 2007, p 243

³⁶ Abdul Latif benachenhou, the modernization of Algeria and the prospects for the outcome, ALPHA Design 2004, p 21

IV -The prospects of the employment policy in Algeria :

Although Algeria was suffering from many challenges during the nineties phase , including the structural adjustment , the deterioration of the security situation , the phenomenon of unemployment and its effects on the Algerian society ..., but Algeria , with its human and financial resources, was able to overcome the problems , by analyzing the events and finding appropriate solutions .

Looking at the efforts made by the state in the fight against unemployment , some key points can be adopted as a plan to determine the future prospects for the employment policy in order to restrict the increase in unemployment :

- 1- Giving importance to the sources of the economic growth and maintaining the GDP at 5% least .
- 2- Facilitating the administrative procedures and funding for the youth in order to create small and medium enterprises.
- 3- Promoting direct foreign investment for its significant role in creating jobs.
- 4- The tend towards developing the agricultural and industrial sectors in order to create more jobs .

Conclusion:

Through our study, it is obvious that the economic reforms pursued by Algeria in the early nineties had a significant impact on the reality of employment in the country, where the unemployment rate exacerbated from 23,15% in 1993 to 28,7% in 1999 due to the low rate of job creation in that period , in addition to the low percentage of remittances allocated for labour which reached 2,12% in 1993 and 1,77% in 1998 of the total remittances. This was due to the policy of restructuring the public institutions which resulted a huge number of layoffs since these institutions were the primary source of the employment that included about 65% of manpower.

The country witnessed then a financial prosperity at the beginning of the third millennium when an expansionary developmental policy was adopted the economic , recovery and growth support programs , very large amounts were allocated for such programs and this state's effort contributed in revitalizing the reality of labour through creating jobs and reducing the unemployment rate .

However , despite the encouraging results , the Algerian economy still depends on oil as a principal source that exceeds 98% of exports , this complicates the future situation of the state in eliminating the problem of unemployment , which requires a diversification in order to create more jobs.

Despite the negative impacts of the phenomenon of unemployment on the social life , it is better for the state to seek new and modern solutions

to deal .with the reality of labour , and not to depend only on public sector to create jobs , but it has to give the opportunity to the private sector and keeping control in order to achieve the desired objectives.

Moreover, there are some recommended methods that can be included such as :

- 1- It is necessary to start making a statistical base for the problem of unemployment in Algeria, taking into account all the economic variables, since the studies based on investigating the past help in decision-making in the future; and the establishment of a new ministry of statistics was an important step taken by the government.
- 2- creating a constant contact between training institutes and universities on the one hand, and the economic institutions on the other hand.
- 3- promoting the role of the performance of the national economy which witnessed a significant weakness because of the dominance of the public sector and the marginalization of the private sector. The promotion should be based on the following plan:
 - a- developing the non-oil exports.
 - b- creating projects between the public and the private sectors based on the continuous evaluation.
 - c- Giving more importance to the sectors of tourism and agriculture through the effective exploitation of resources and training the youth in this field in order to create important jobs.

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